

California

NFIB

The Voice of Small Business®

State Report

SPECIAL NFIB MEMBER REPORT ON LEGISLATIVE ACTIONS IN YOUR STATE

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AUGUST/SEPTEMBER 2004

Workers' Comp Overhaul: A Victory for California

**THE WORKERS' COMPENSATION OVERHAUL OF 2004 WAS A
VICTORY FOR EMPLOYERS AND EMPLOYEES ACROSS CALIFORNIA.**



Inside Politics:
Special Guest Editorial
By Sen. Chuck Poochigian

Sen. Poochigian
represents
California's 14th
district.

The reforms contained in my Senate Bill 899 are the direct result of activism at the grass-roots level that spurred many reluctant lawmakers into action, and they should expedite workers' compensation savings by months compared to the uncertainty of a ballot initiative.

At \$6.30 per \$100 of payroll, versus the national average of \$2.46, California's highest-in-the-nation workers' compensation costs have been a severe disincentive to doing business in the state in recent years. It is my hope that the provisions in the new reforms, when fully implemented, will drive costs down, inspire job creation and help jump start our economy.

It will take time for the new law to be implemented, as regulations are drawn



and put into practice, but I am confident that Gov. Arnold Schwarzenegger and his administrative agencies are committed to ensuring that our efforts produce substantial savings.

Among the reforms in the new law are:

- Immediate treatment for injury claims.
- New incentives for employees to return to work if they are able to do so.
- Elimination of costly and unnecessary "dueling doctors" reports.
- Creation of physician networks that injured workers can choose from.
- Establishment of an independent medical review process to handle disputes over treatment.
- Treatment decisions based on nationally recognized medical guidelines.

Permanent disability payments are also apportioned in the workers' compensation

system so that employers pay only for the percentage of disability caused by injuries occurring in the workplace. Additionally, the payment schedule is adjusted to increase benefits to the most severely injured workers, while reducing benefit levels for less serious injuries.

These are just a few of the provisions contained in the approximately 100 pages of language that make up this comprehensive overhaul. No bill involving reforms of this magnitude will ever be perfect, but this is a major step in the right direction. The Workers' Compensation Insurance Rating Bureau has already recommended a 15 percent rate reduction in anticipation of an expected \$3 billion in savings generated by SB 899. I believe that these projected savings are just a start and expect that employers will see significant savings materialize over time from this year's reform.

When asked how you would reform the workers' compensation system in the California State *Member Ballot*, you voted to aggressively pursue fraudulent claims, to limit participation of attorneys in the system and to reform the disability rating system. Responses to the ballot were instrumental in helping to pass the sweeping reforms contained in Senate Bill 899, as lawmakers were able to add the voice of Main Street to their arsenal of persuasion.



BE HEARD. Vote your 2004
Member Ballot, coming this Fall.

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Workers' compensation reform and lawsuit abuse were not the only things on your mind. NFIB is monitoring issues raised from two other questions:

88% want a return to the 40-hour workweek for the purposes of calculating employee overtime pay.

85% do not want California taxing commercial property at a different rate from residential property.

MEMBER IN ACTION

California's First Small-Business Champion Named

Gary McKinsey was presented with NFIB's first Small-Business Champion award for his decades of tireless advocacy and lobbying on behalf of California small-business owners.

The NFIB Small-Business Champion program identifies activists in each of the 50 states who have distinguished themselves through their participation in NFIB programs and activities beneficial to the survival of Main Street's mom-and-pop firms.

LONG-TIME NFIB MEMBER:

McKinsey is a principal with Modesto-based Grimbleby Coleman Certified Public Accountants where he specializes in small-business consulting, tax and estate

planning, tax research and preparation, and representation before the Internal Revenue Service and the Franchise Tax Board. He has been an NFIB member since 1967.



Gary McKinsey (right) receives the California Small-Business Champion Award from NFIB State Director Martyn B. Hopper. McKinsey, who has been an NFIB member since 1967, is a principal with Grimbleby Coleman Certified Public Accountants in Modesto.

Society of Enrolled Agents and the National Society of Accountants. He is also a fellow at the National Tax Practice Institute.

Been Victimized By A UCL Lawsuit?

SOME LAWYERS HAVE FOUND California's Unfair Competition Law (also known as UCL 17200 lawsuits) fertile ground for financial gain and are abusing its intent. Eighty-four percent of respondents to the California State *Member Ballot* supported prohibiting trial attorneys from filing lawsuits under the UCL unless they represent actual clients who have suffered measurable physical or financial harm. Ten percent of members supported a requirement that the courts, under strict class-action lawsuit rules, supervise UCL lawsuits filed on behalf of the public.



BE INVOLVED. If you have been victimized or fear that you could be set up by a UCL lawsuit, contact NFIB. Such frivolous lawsuits will be the subject of a ballot initiative in November that NFIB is backing. Visit www.NFIB.com/CA to find out more ways you can help.



For NFIB/California news, legislators' voting records and links to other sites of interest, check out NFIB/CA on the Web at www.NFIB.com/CA.